

THE CROSS-OVER MINISTRY, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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HARRIS, HARDY & JOHNSTONE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Cross-Over Ministry, Inc.
Richmond, Virginia

Opinion

We have audited the accompanying financial statements of The Cross-Over Ministry, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Cross-Over Ministry, Inc. ("Cross-Over") as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Cross-Over Ministry, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Cross-Over Ministry, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Cross-Over Ministry, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Cross-Over Ministry, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2024, on our consideration of The Cross-Over Ministry, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Cross-Over Ministry, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Cross-Over Ministry, Inc.'s internal control over financial reporting and compliance.

Harris, Hardy ; Johnstone, P.C.

Richmond, Virginia
September 26, 2024

THE CROSS-OVER MINISTRY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 3,462,352	\$ 2,611,510
Medicaid receivables, net	61,662	21,682
Grants and contributions receivable, net	3,074,891	1,259,059
Inventory	849,705	570,385
Prepaid expenses	40,738	25,651
Property and equipment, net	2,908,285	2,818,696
Right-of-use asset - operating, net of accumulated amortization of \$24,273 and \$11,962, respectively	<u>36,866</u>	<u>49,177</u>
	<u>\$ 10,434,499</u>	<u>\$ 7,356,160</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 4,160	\$ 7,864
Accrued expenses	231,990	215,538
Long-term debt	1,321,370	1,921,370
Lease liability - operating	<u>36,866</u>	<u>49,177</u>
	<u>1,594,386</u>	<u>2,193,949</u>
NET ASSETS		
Without donor restrictions	4,262,799	3,334,665
With donor restrictions	<u>4,577,314</u>	<u>1,827,546</u>
	<u>8,840,113</u>	<u>5,162,211</u>
	<u>\$ 10,434,499</u>	<u>\$ 7,356,160</u>

See Independent Auditor's Report and Notes to Financial Statements

THE CROSS-OVER MINISTRY, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Support			
Contributions			
Philanthropy	\$ 2,443,963	\$ 4,061,208	\$ 6,505,171
Partnerships	25,000	-	25,000
Membership organizations	313,707	-	313,707
In-kind			
Services	1,034,594	-	1,034,594
Pharmaceuticals	3,311,634	-	3,311,634
Total Support	<u>7,128,898</u>	<u>4,061,208</u>	<u>11,190,106</u>
Special Events			
Special event revenue	54,909	-	54,909
Less: Direct benefits to donors	(43,836)	-	(43,836)
Net Support from Special Events	<u>11,073</u>	<u>-</u>	<u>11,073</u>
Program Services Revenue			
Patient services			
Patient revenue	1,377,251	-	1,377,251
Medicaid	1,041,056	-	1,041,056
Total Program Services Revenue	<u>2,418,307</u>	<u>-</u>	<u>2,418,307</u>
Other Revenues			
Interest income	102,434	-	102,434
Rental revenue	3,000	-	3,000
Total Other Revenues	<u>105,434</u>	<u>-</u>	<u>105,434</u>
Net Assets Released from Restrictions			
Satisfaction of program restrictions	1,052,440	(1,052,440)	-
Satisfaction of time restrictions	259,000	(259,000)	-
Total Net Assets Released from Restrictions	<u>1,311,440</u>	<u>(1,311,440)</u>	<u>-</u>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>10,975,152</u>	<u>2,749,768</u>	<u>13,724,920</u>
EXPENSES			
Program Services			
Patient services	8,511,201	-	8,511,201
Management and General	717,473	-	717,473
Fundraising	818,344	-	818,344
TOTAL EXPENSES	<u>10,047,018</u>	<u>-</u>	<u>10,047,018</u>
CHANGE IN NET ASSETS	928,134	2,749,768	3,677,902
NET ASSETS, beginning of year	3,334,665	1,827,546	5,162,211
NET ASSETS, end of year	<u>\$ 4,262,799</u>	<u>\$ 4,577,314</u>	<u>\$ 8,840,113</u>

See Independent Auditor's Report and Notes to Financial Statements

THE CROSS-OVER MINISTRY, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Support			
Contributions			
Philanthropy	\$ 1,730,317	\$ 2,273,452	\$ 4,003,769
Partnerships	218,250	-	218,250
Membership organizations	523,544	-	523,544
In-kind			
Services	782,531	-	782,531
Pharmaceuticals	2,814,647	-	2,814,647
Total Support	<u>6,069,289</u>	<u>2,273,452</u>	<u>8,342,741</u>
Special Events			
Special event revenue	62,548	-	62,548
Less: Direct benefits to donors	<u>(45,366)</u>	<u>-</u>	<u>(45,366)</u>
Net Support from Special Events	<u>17,182</u>	<u>-</u>	<u>17,182</u>
Program Services Revenue			
Patient services			
Patient revenue	1,216,350	-	1,216,350
Medicaid	<u>726,825</u>	<u>-</u>	<u>726,825</u>
Total Program Services Revenue	<u>1,943,175</u>	<u>-</u>	<u>1,943,175</u>
Other Revenues			
Interest income	16,587	-	16,587
Rental revenue	<u>6,500</u>	<u>-</u>	<u>6,500</u>
Total Other Revenues	<u>23,087</u>	<u>-</u>	<u>23,087</u>
Net Assets Released from Restrictions			
Satisfaction of program restrictions	641,475	(641,475)	-
Satisfaction of time restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets Released from Restrictions	<u>641,475</u>	<u>(641,475)</u>	<u>-</u>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>8,694,208</u>	<u>1,631,977</u>	<u>10,326,185</u>
EXPENSES			
Program Services			
Patient services	7,980,244	-	7,980,244
Management and General	655,845	-	655,845
Fundraising	<u>701,300</u>	<u>-</u>	<u>701,300</u>
TOTAL EXPENSES	<u>9,337,389</u>	<u>-</u>	<u>9,337,389</u>
CHANGE IN NET ASSETS	<u>(643,181)</u>	<u>1,631,977</u>	<u>988,796</u>
NET ASSETS, beginning of year	<u>3,977,846</u>	<u>195,569</u>	<u>4,173,415</u>
NET ASSETS, end of year	<u><u>\$ 3,334,665</u></u>	<u><u>\$ 1,827,546</u></u>	<u><u>\$ 5,162,211</u></u>

See Independent Auditor's Report and Notes to Financial Statements

THE CROSS-OVER MINISTRY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Patient Services	Management and General	Fundraising	Total
Salaries and wages	\$ 2,829,169	\$ 286,771	\$ 379,939	\$ 3,495,879
Payroll taxes	224,527	22,145	28,371	275,043
Employee benefits	221,358	32,464	37,231	291,053
	<u>3,275,054</u>	<u>341,380</u>	<u>445,541</u>	<u>4,061,975</u>
In-kind contributed pharmaceuticals	3,032,363	-	-	3,032,363
In-kind contributed services and supplies	1,034,594	-	-	1,034,594
Medical supplies	460,744	10,764	13,618	485,126
Depreciation	-	206,291	-	206,291
Computer maintenance and software	136,645	17,818	29,213	183,676
Capital campaign	-	-	156,430	156,430
Facilities	75,612	11,293	60,929	147,834
Interest	107,931	13,491	13,491	134,913
Medicaid billing	118,629	-	-	118,629
Utilities	81,315	11,617	7,710	100,642
Special event costs	75	17	71,278	71,370
Public relations	21,093	5,193	29,598	55,884
Repairs and maintenance	35,645	3,521	10,710	49,876
Miscellaneous	28,539	10,756	8,807	48,102
Office expense	33,306	3,991	3,999	41,296
Insurance	22,259	10,512	3,115	35,886
Dues and subscriptions	7,099	25,359	1,205	33,663
Professional fees	11,690	17,423	1,541	30,654
Taxes and licenses	10,046	12,653	1,256	23,955
Staff development	5,989	14,041	2,113	22,143
Lease	10,826	1,353	1,353	13,532
Travel	1,747	-	273	2,020
TOTAL EXPENSES	<u>8,511,201</u>	<u>717,473</u>	<u>862,180</u>	<u>10,090,854</u>
Direct benefits to donors	-	-	(43,836)	(43,836)
PER STATEMENT OF ACTIVITIES	<u>\$ 8,511,201</u>	<u>\$ 717,473</u>	<u>\$ 818,344</u>	<u>\$ 10,047,018</u>

See Independent Auditor's Report and Notes to Financial Statements

THE CROSS-OVER MINISTRY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Patient Services	Management and General	Fundraising	Total
Salaries and wages	\$ 2,795,406	\$ 259,555	\$ 394,551	\$ 3,449,512
Payroll taxes	223,985	16,805	27,378	268,168
Employee benefits	204,109	33,774	24,345	262,228
	<u>3,223,500</u>	<u>310,134</u>	<u>446,274</u>	<u>3,979,908</u>
In-kind contributed pharmaceuticals	2,857,776	-	-	2,857,776
In-kind contributed services and supplies	782,531	-	-	782,531
Medical supplies	423,920	7,721	8,593	440,234
Depreciation	-	178,888	-	178,888
Computer maintenance and software	133,350	15,323	25,145	173,818
Interest	113,940	6,702	13,405	134,047
Facilities	78,093	14,166	18,802	111,061
Capital campaign	-	-	104,389	104,389
Utilities	80,053	12,051	5,679	97,783
Medicaid billing	96,259	-	-	96,259
Special event costs	209	-	68,888	69,097
Miscellaneous	33,015	5,940	10,914	49,869
Insurance	33,842	7,109	2,273	43,224
Dues and subscriptions	13,037	28,261	1,005	42,303
Public relations	7,568	559	31,585	39,712
Repairs and maintenance	35,577	566	2,933	39,076
Staff development	3,670	34,419	824	38,913
Office expense	25,609	5,772	1,705	33,086
Professional fees	11,095	17,578	1,540	30,213
Lease	16,118	3,513	1,033	20,664
Taxes and licenses	9,956	7,083	1,171	18,210
Travel	1,126	60	508	1,694
	<u>7,980,244</u>	<u>655,845</u>	<u>746,666</u>	<u>9,382,755</u>
TOTAL EXPENSES				
Direct benefits to donors	-	-	(45,366)	(45,366)
	<u>7,980,244</u>	<u>655,845</u>	<u>701,300</u>	<u>9,337,389</u>
PER STATEMENT OF ACTIVITIES				

See Independent Auditor's Report and Notes to Financial Statements

THE CROSS-OVER MINISTRY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,677,902	\$ 988,796
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	206,291	178,888
(Increase) decrease in		
Medicaid receivables	(39,980)	28,326
Grants and contributions receivable	(1,815,832)	(953,915)
Inventory	(279,320)	43,129
Prepaid expenses	(15,087)	23,082
Increase (decrease) in		
Accounts payable	(3,704)	3,925
Accrued expenses	16,452	74,645
Security deposits	-	(2,250)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,746,722</u>	<u>384,626</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(295,880)</u>	<u>(212,890)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(295,880)</u>	<u>(212,890)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	<u>(600,000)</u>	<u>(200,000)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(600,000)</u>	<u>(200,000)</u>
INCREASE (DECREASE) IN CASH	850,842	(28,264)
CASH, beginning of year	<u>2,611,510</u>	<u>2,639,774</u>
CASH, end of year	<u>\$ 3,462,352</u>	<u>\$ 2,611,510</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 134,913	\$ 134,047
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES		
Purchase of property and equipment with long-term debt	\$ -	\$ 162,269
Right-of-use asset obtained in exchange for new lease liability - operating	\$ -	\$ 61,139

See Independent Auditor's Report and Notes to Financial Statements

THE CROSS-OVER MINISTRY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Cross-Over Ministry, Inc. (“Cross-Over”) is a nonprofit, non-stock corporation which was founded in the mid 1980’s. Cross-Over provides a full range of medical services and patient education to low income, uninsured individuals, and individuals with Medicaid insurance at two safety net clinics operating in downtown Richmond and western Henrico County, Virginia.

Program Descriptions

Patient Services - Uninsured and Medicaid patients can receive a full range of healthcare and related services including but not limited to: primary care, pediatric care, specialty medical care, dental care, vision care, obstetrics and gynecology care, HIV care, mental health care, social work services, and pharmacy services.

Summary of Significant Accounting Policies

Cross-Over prepares its financial statements in accordance with accounting principles generally accepted in the United States of America for nonprofit entities. The significant accounting and reporting policies used by Cross-Over are described subsequently to enhance the usefulness and understandability of the financial statements.

Adoption of New Accounting Standard

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which changed how entities measure credit losses for most financial assets and certain other instruments not measured at fair value through the change in net assets. The ASU replaces the current incurred loss model with an expected loss model and provides users of the financial statements with useful information in analyzing the entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by Cross-Over that are subject to the guidance in Topic 326 were Medicaid receivables.

Cross-Over adopted the standard effective July 1, 2023. The impact of the adoption was not significant to the financial statements and primarily resulted in new or enhanced disclosures.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities as of the date of the financial statements. On an ongoing basis, Cross-Over 's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Cross-Over’s management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements, with no effect on previously reported change in net assets.

THE CROSS-OVER MINISTRY, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2024 AND 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

Cross-Over is exempt from federal income taxes as defined under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Cross-Over's tax-exempt purpose could be subject to taxation as unrelated business income. In addition, Cross-Over qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, Cross-Over may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of Cross-Over and various positions related to the potential sources of unrelated business taxable income (UBTI). Cross-Over has recognized no uncertain tax positions for the years ended June 30, 2024 and 2023.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities, unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Schedule of Expenditures of Federal Awards

The accompanying Supplemental Schedule of Expenditures of Federal Awards is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures reported on the Supplemental Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Cross-Over has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Cash

Cash includes all deposits in banks and highly liquid investments with original maturity dates of less than three months. The carrying value of cash approximates fair value because of the short maturities of those financial instruments.

Medicaid Receivables/Allowance

Medicaid receivables are primarily reimbursements due from Medicaid on patient billings after contractual adjustments. Management has recorded an allowance for contractual adjustments of \$16,327 and \$15,001, respectively, as of June 30, 2024 and 2023.

THE CROSS-OVER MINISTRY, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2024 AND 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Grants and Contributions Receivable/Allowance

Grants receivable are primarily unsecured non-interest-bearing amounts due from corporate and foundation grantors, sponsorships, and other contributions. Management believes that all outstanding grants and contributions receivable are collectible in full, therefore, no allowance for uncollectible receivables has been provided. Grants and contributions receivable that are expected to be collected in more than one year are recorded at fair value as of the date of the promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue.

Inventory

Cross-Over's inventory, comprised of pharmaceutical products, is received from in-kind donations. As required by GAAP, the inventory is recorded as an asset when received based on the "average weighted price" of such contributions as provided by the contributing organizations, which approximates fair value. See Note N.

Property and Equipment/Depreciation

Property and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Equipment is capitalized if it has a cost or fair value of \$500 or greater. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets.

Accrued Expenses

Accrued expenses include a reasonable estimate of wages and vacation earned but not paid by year end.

It is Cross-Over's policy to permit eligible employees to accumulate earned but unused vacation subject to certain limitations. All unused vacation pay is accrued when incurred and recorded in accrued expenses in the accompanying statements of financial position.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

THE CROSS-OVER MINISTRY, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2024 AND 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; Cross-Over must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by Cross-Over, unless the donor provides more specific directions about the period of its use.

Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions, unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

In-Kind Contributions

Cross-Over receives contributions in a form other than cash or investments. Most are donated medical supplies and pharmaceuticals, which are recorded as contributions as of the date of gift and as expenses when the donated items are placed into service or distributed. If Cross-Over receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets Cross-Over's capitalization policy.

Cross-Over benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in Cross-Over's program operations and in its fund-raising campaigns. However, many of the contributed services do not meet the criteria for recognition in the financial statements. Accounting principles generally accepted in the United States of America allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

Cross-Over's in-kind contributions are discussed further in Note N.

THE CROSS-OVER MINISTRY, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2024 AND 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition Policy

Cross-Over derives its revenues primarily from the services listed below. Revenues are recognized when control of these products or services is transferred to its customers, in an amount that reflects the consideration Cross-Over expects to be entitled to in exchange for those products and services. Cross-Over does not have any significant financing components as payment is received at or shortly after the point of service.

Performance Obligations

Patient services and Medicaid - For performance obligations related to patient services and Medicaid, control transfers to the patient over time. Because the patient receives all medical services during an appointment the recognition of revenue is equivalent to that recognized at a point in time. Cross-Over considers all services performed during a patient appointment to be one performance obligation.

Special Events

Cross-Over engages in several events during the year that meet the criteria of special events according to accounting principles generally accepted in the United States of America. Special events revenue is calculated by multiplying the cost of the ticket by the number of tickets sold. Any amount received above the ticket price is considered a contribution and is included in contributions on the statement of activities. Direct benefit to donors includes all costs that directly relate to the specific event. These costs can consist of facility rental, food, entertainment, prizes, etc. All expenses incurred that do not have a direct benefit to donors are recorded as fundraising expenses on the statements of activities and functional expenses. See Note K.

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget's audit requirements for federal awards and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, Cross-Over's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of Cross-Over.

Expense Recognition and Allocation

The cost of providing Cross-Over's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service.

Costs common to multiple functions have been allocated among the various functions benefited, using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, payroll taxes, and employee benefits are allocated based on timesheet reports
- Occupancy, depreciation, utilities, insurance, professional services, and other expenses are allocated based on management's best estimate of the distribution of costs across functions.

THE CROSS-OVER MINISTRY, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2024 AND 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Expense Recognition and Allocation - Continued

Periodically, the basis on which costs are allocated is evaluated.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of Cross-Over.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Cross-Over generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Leases

Effective July 1, 2022, Cross-Over adopted FASB ASC 842, Leases. Cross-Over elected to adopt the package of three practical expedients available under the transition guidance. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract.

NOTE B - LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2024 are:

Financial assets:	
Cash	\$ 3,462,352
Medicaid receivable, net	61,662
Grants and contributions receivable, net	3,074,891
Total financial assets	<u>6,598,905</u>
Less financial assets held to meet donor-imposed restrictions	
Purpose restricted net assets (Note J)	2,365,588
Less financial assets not available within one year	
Contributions receivable (Note J)	<u>2,211,726</u>
Total financial assets available for general expenditures within one year	<u>\$ 2,021,591</u>

As part of Cross-Over’s liquidity management plan, it keeps cash in excess of daily requirements deposited in its checking and reserve accounts. Cross-Over also maintains insured cash sweep accounts.

THE CROSS-OVER MINISTRY, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2024 AND 2023

NOTE C - CASH

Cash consists of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating	\$ 543,294	\$ 500,122
Restricted	1,157,428	109,481
Reserves	1,761,630	2,001,907
	<u>\$ 3,462,352</u>	<u>\$ 2,611,510</u>

NOTE D - MEDICAID RECEIVABLES

Medicaid receivables, net are as follows as of June 30, 2024, 2023, and 2022:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Medicaid receivables	\$ 77,989	\$ 36,683	\$ 57,864
Less: Allowance for contractual adjustments	16,327	15,001	7,856
Medicaid receivables, net	<u>\$ 61,662</u>	<u>\$ 21,682</u>	<u>\$ 50,008</u>

NOTE E - GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable, net as of June 30, 2024 and 2023 are due as follows:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 2,179,366	\$ 785,207
One year to five years	1,083,018	570,000
	3,262,384	1,355,207
Less: Unamortized discount at 7.75%	187,493	96,148
	<u>\$ 3,074,891</u>	<u>\$ 1,259,059</u>

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment, net consist of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 537,156	\$ 537,156
Buildings	1,632,286	1,637,061
Building improvements	1,117,285	976,323
Machinery and equipment	514,459	571,746
Computer equipment	201,907	502,817
Furniture and fixtures	221,600	210,606
	4,224,693	4,435,709
Less: Accumulated depreciation	1,316,408	1,617,013
	<u>\$ 2,908,285</u>	<u>\$ 2,818,696</u>

THE CROSS-OVER MINISTRY, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2024 AND 2023

NOTE G - LEASES

Cross-Over has a lease for office equipment that is considered an operating lease under the provisions of FASB ASC 842, Leases. The lease expires in April 2027 and requires guaranteed minimum rent payments. In addition to the guaranteed minimum rent payments, the operating lease requires additional rent for taxes, insurance, and other items (CAM).

As of June 30, 2024 and 2023, the remaining lease term for the lease was 2.83 and 3.83 years, respectively.

The risk-free rate has been used as the discount rate when the rate implicit in the lease is unknown. The discount rate associated with the lease as of June 30, 2024 and 2023 was 2.88%.

During the years ended June 30, 2024 and 2023, lease expense was as follows:

	<u>2024</u>	<u>2023</u>
Operating lease expense	\$ 13,533	\$ 13,533
Variable lease expense	8,023	7,131
Total lease expense	<u>\$ 21,556</u>	<u>\$ 20,664</u>

As of June 30, 2024 and 2023, the right-of-use asset and lease liability related to the operating lease was as follows:

	<u>2024</u>	<u>2023</u>
Operating lease - right-of-use asset	\$ 36,866	\$ 49,177
Operating lease liability:		
Current portion of operating lease liability	\$ 12,670	\$ 12,311
Operating lease liability, net of current portion	24,196	36,866
	<u>\$ 36,866</u>	<u>\$ 49,177</u>

Future payments due under the operating lease as of June 30, 2024 were as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>
2025	\$ 13,533
2026	13,533
2027	11,277
Total undiscounted cash flows	38,343
Less: present value discount	1,477
Total lease liability	<u>\$ 36,866</u>

THE CROSS-OVER MINISTRY, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2024 AND 2023

NOTE H - LINE OF CREDIT

Cross-Over entered a \$275,000 line of credit agreement with TowneBank on December 15, 2021. The line of credit is due upon demand and subject to an annual lender review for renewal. The line of credit is secured by substantially all assets of Cross-Over and requires monthly interest payments based on the Wall Street Journal Prime Rate less 0.5%, not to be less than 2.75%. There was no outstanding balance on the line of credit as of June 30, 2024 and 2023.

NOTE I - LONG-TERM DEBT

Cross-Over entered into a \$3,950,000 business loan agreement with TowneBank on December 15, 2021. The loan is similar to a line of credit and contemplates multiple loan advances. The agreement expires December 15, 2026 and is subject to an annual lender review. The loan requires monthly interest-only payments based on the Wall Street Journal Prime Rate less 0.50%, not to be less than 2.75%. Cross-Over is required to make principal payments throughout the life of the loan with proceeds from a capital campaign. Scheduled principal payments include \$2,000,000 on December 31, 2023, \$2,500,000 on December 31, 2024, and \$3,000,000 on December 31, 2025. The outstanding balance as of June 30, 2022 was \$1,959,101, which represents loan proceeds used in March 2022 to acquire the building that was previously leased. Additional advances may be drawn on the loan to fund improvements to the property. During the year ended June 30, 2024, there were no additional advances drawn on the loan, and principal payments of \$600,000 were made. During the year ended June 30, 2023, additional advances of \$162,269 were drawn on the loan, and principal payments of \$200,000 were made. Cross-Over is subject to financial covenants with which it is in compliance as of June 30, 2024.

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2024 and 2023, net assets with donor restrictions were available for the following purposes:

	2024	2023
Purpose restrictions, available for spending:		
Capital campaign	\$ 2,320,588	\$ 650,254
Equipment and software	25,000	70,500
Signage	20,000	-
Patient services	-	161,440
Pharmacy renovation	-	128,000
Total purpose-restricted net assets	<u>2,365,588</u>	<u>1,010,194</u>
Time restrictions:		
Grants and contributions receivable, net, which are unavailable for spending until due, some of which are also subject to purpose restrictions	2,211,726	817,352
Total net assets with donor restrictions	<u>\$ 4,577,314</u>	<u>\$ 1,827,546</u>

THE CROSS-OVER MINISTRY, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2024 AND 2023

NOTE K - SPECIAL EVENTS

Income from special events, including sponsorships and contributions, for the years ended June 30, 2024 and 2023 is as follows:

	2024	2023
Sponsorships and contributions	\$ 243,285	\$ 238,506
Registrations and tickets	54,909	62,548
Less: Direct benefits to donors	43,836	45,366
	\$ 254,358	\$ 255,688

Costs associated with these events have been included in fundraising expenses in the statements of functional expense.

NOTE L - RETIREMENT PLAN

Cross-Over sponsors a 401(k) profit sharing plan which covers all employees who complete 1,000 hours of service and one year of service, as defined in the plan document. Cross-Over made a matching contribution of \$77,260 and \$62,099 for the years ended June 30, 2024 and 2023, respectively.

NOTE M - GUARANTEES

Under its bylaws, Cross-Over has certain obligations to indemnify its current and former officers and directors for certain events or occurrences while the officer or director is, or was, serving at Cross-Over’s request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia. Cross-Over’s insurance policies serve to further limit its exposure. Cross-Over believes that the estimated fair value of these indemnification obligations is minimal.

NOTE N - IN-KIND CONTRIBUTIONS

As discussed below, Cross-Over receives contributed goods and services which are used to provide services to its uninsured patients. Contributed goods and services are recorded at their estimated fair value determined at the date of receipt. A summary of contributed goods and services received during the years ended June 30, 2024 and 2023 is as follows:

- Pharmaceuticals - Cross-Over participates in several partnership networks which work with pharmaceutical companies to provide access to prescription, vaccinations, and over-the-counter medications to the uninsured. The value of contributions received from these networks was approximately \$3.3 million and \$2.8 million for the years ended June 30, 2024 and 2023, respectively, based on the “average weighted price” of such contributions as provided by the networks.

THE CROSS-OVER MINISTRY, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2024 AND 2023

NOTE N - IN-KIND CONTRIBUTIONS - Continued

Cross-Over also receives and distributes certain prescription medications from a donating pharmaceutical manufacturer/distributor that are specific to a patient. Cross-Over does not record any financial activity associated with these medications, as such medications are donations to the individual patients, not Cross-Over.

Cross-Over also directly receives, at no cost, sample medications from various pharmaceutical manufacturers which it uses in the care of and distributes to its patients. Cross-Over estimates there to be no fair value to be recorded in connection with the samples.

- Professional services - Cross-Over received approximately 14,528 and 13,045 hours of volunteered professional services from various medical doctors (general practitioners and specialists), dentists, and nurses in the care of its patients during 2024 and 2023, respectively. The value of such volunteer hours was approximately \$1,034,594 and \$782,531 for the years ended June 30, 2024 and 2023, respectively, based on hourly rates obtained from The Virginia Association of Free Clinics.
- Supplies - Cross-Over may occasionally receive medical supplies, office furniture and equipment, and computers from donors.
- Lab and diagnostic services - Blood, tissue, and other health screening and diagnostic services are provided directly to Cross-Over's patients by two Richmond-based medical facilities. The value of contributed lab and diagnostic services provided to Cross-Over's patients have not been included in the in-kind contributions.

NOTE O - CONCENTRATIONS

Financial instruments which potentially subject Cross-Over to concentrations of credit risk consist principally of cash, grants, contributions, and other receivables. Cross-Over maintains cash on deposit with financial institutions located in the United States of America. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage for up to \$250,000 of cash held in each separate FDIC insured bank and savings institution. Cross-Over had aggregate balances exceeding the FDIC insured amount by \$0 and \$2,373,584 as of June 30, 2024 and 2023, respectively. During the year ended June 30, 2024, Cross-Over opened insured cash sweep accounts to mitigate credit risk and exposure on its cash balances.

As of June 30, 2024, approximately 46% of Cross-Over's grants and contributions receivable were derived from two donors. As of June 30, 2023, approximately 47% of Cross-Over's grants and contributions receivable were derived from three donors.

NOTE P - SUBSEQUENT EVENTS

In the preparation of its financial statements, The Cross-Over Ministry, Inc. considered subsequent events through September 26, 2024, which was the date the financial statements were available to be issued.



HARRIS, HARDY & JOHNSTONE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
The Cross-Over Ministry, Inc.
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Cross-Over Ministry, Inc. (“Cross-Over”) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cross-Over’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cross-Over’s internal control. Accordingly, we do not express an opinion on the effectiveness of Cross-Over’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cross-Over's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cross-Over's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cross-Over's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harris, Hardy & Johnstone, P.C.

Richmond, Virginia
September 26, 2024



HARRIS, HARDY & JOHNSTONE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
The Cross-Over Ministry, Inc.
Richmond, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Cross-Over Ministry, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of The Cross-Over Ministry, Inc.'s major federal programs for the year ended June 30, 2024. The Cross-Over Ministry, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Cross-Over Ministry, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Cross-Over Ministry, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Cross-Over Ministry, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Cross-Over Ministry, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Cross-Over Ministry, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Cross-Over Ministry, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Cross-Over Ministry, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Cross-Over Ministry, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Cross-Over Ministry, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Harris, Hardy ; Johnstone, P.C.

Richmond, Virginia
September 26, 2024

THE CROSS-OVER MINISTRY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

<u>Federal Agency</u>	<u>Grant Name</u>	<u>Federal Assistance Listing #</u>	<u>Pass-Through Entity</u>	<u>Pass-through Entity/ Grant ID Number</u>	<u>Award Date</u>	<u>Federal Expenditures</u>
Health Resources and Services Administration	Ryan White Care Act II	93.917	Virginia Department of Health	COHRWB611-GY24	4/1/2024	\$ 733,655
Center for Disease Control and Prevention	HIV Prevention Activities	93.940	Virginia Department of Health	COHHIV611-GY24	1/1/2024	<u>23,333</u>
						<u>\$ 756,988</u>

See Independent Auditor's Report

THE CROSS-OVER MINISTRY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of The Cross-Over Ministry, Inc. were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of The Cross-Over Ministry, Inc. were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for The Cross-Over Ministry, Inc. expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
7. The program tested as a major program was:

2024	<u>CFDA #</u>
Ryan White Care Act II	93.917
8. The threshold for distinguishing Types A and B was \$750,000.
9. The Cross-Over Ministry, Inc. was determined to not be a low-risk auditee.

Findings - Financial Statement Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None